VICTOR G. CARRILLO, *CHAIRMAN* ELIZABETH A. JONES, *COMMISSIONER* MICHAEL L. WILLIAMS, *COMMISSIONER*



RAILROAD COMMISSION OF TEXAS SURFACE MINING AND RECLAMATION DIVISION

January 3, 2010

Mr. Josh Leftwich Environmental Manager Uranium Energy Corporation (UEC) 400 Mann Street, Suite 900 Corpus Christi, Texas 78401

RE: Weesatche Project, Goliad County Uranium Exploration Permit No. 123C

Inspection Report

Dear Mr. Leftwich:

Enclosed is a copy of the report for the inspection completed on January 27, 2010, at UEC's Weesatche Project, Goliad County. The Weesatche Project, Permit Number 123-C inspection report identifies the following issues that require your prompt attention:

• Site restoration of mud pits.

If you have any questions, please contact me at (512) 305-8813.

Sincerely,

Mark Schlimgen, Manager Inspection and Enforcement

MS/sdj Enclosure



RAILROAD COMMISSION OF TEXAS SURFACE MINING AND RECLAMATION DIVISION

URANIUM EXPLORATION INSPECTION REPORT

Project Name: Weesatche			Permit Number: 123C			
Permittee:	UEC			County:	Goliad	
Industry Repr	esentative(s) Present:	James Gale				
Inspector:	Steve Meadows			Date of Inspect	ion: January 27,	2010
	4,5		The second secon	-	-	
I Field Com	124 ID (C !!					
1. Fleid Cond	ditions and Data Coll	ection				
Samples Colle	ected: No 🛛 Yes	s 🗌	Sample Type:	Water	Soil 🗌	Vegetation
Average	Soil	_	Date Last		Wind Direction/	
Temperature	65 Condition	n Damp	Rainfall _	1-20-10	Velocity (Est.)	Calm
Photographs Attached: No Yes (Complete Section IV)						
II. Enforceme	ent Action Taken					
Notice of Viola	ation Issued:	No 🖂	Yes	NOV No.		
Cessation Orde	er Issued:	No 🖂	Yes	CO No.		
					0	
9	Hers Meadows	02/02/20	010	Lada da	linger.	2/2/2015
Inspector Signature		Date	Revie	wing Supervisor	Signature	Dete

The Railroad Commission of Texas complies with Federal and State laws applicable to race, religion, national origin, sex, and disability. Information is available upon request by calling (512) 463-7288 or 1-800-735-2989 if special assistance is required.

Project Name:

Weesatche

Permit Number:

123C

Inspection Date:

January 27, 2010

III. Comments - Inspection Narrative

- Document the area of the permit inspected
- Discuss observations made during the inspection
- · Document the results of any field tests taken
- Provide a summary of any discussions with industry representatives, along with results, and expectations from those discussions
- Describe any enforcement action taken during the inspection, along with facts or evidence supporting the enforcement action

No exploration drilling was found to be in progress at UEC Permit No. 123C during this inspection. Site restoration follow up on the Jacobs property was the focus of this inspection. The exploration boreholes in this area were completed in early 2008 and all boreholes have been previously inspected for compliance with the regulations and permit requirements. Examples of the site restorations as they appeared on 2-12-08 are seen in Photos 1-2. The same exploration area, as it appears currently, is documented in Photos 3-5. A few incidences of subsiding mud pits were noted as seen in Photos 6-8. No evidence of drilling cuttings on the surface was encountered. A backhoe is on location and UEC representative James Gale stated that the areas of concern would be dressed up and attended to as required. The majority of the exploration drilling locations are generally well done as documented in Photo 9-12 and will essentially be un-noticeable as re-vegetation advances with the spring season.

Project Name: Permit Number: Weesatche

123C

Inspection Date:

January 27, 2010



Photo 1: Exploration area on Jacobs property as seen on 2-12-08 with site restorations visible.



Photo 2: Borehole 3.75-12 site restoration as seen on 2-12-08.

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Photo 3: Borehole 3.75-12 site restoration on 1-27-10.



Photo 4: Site restoration at Jacobs exploration drilling location.

Project Name: Permit Number: **Inspection Date:** Weesatche

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January 27, 2010





Photo 6: Mud pit subsidence at Jacobs exploration location.

Project Name: Permit Number: **Inspection Date:**

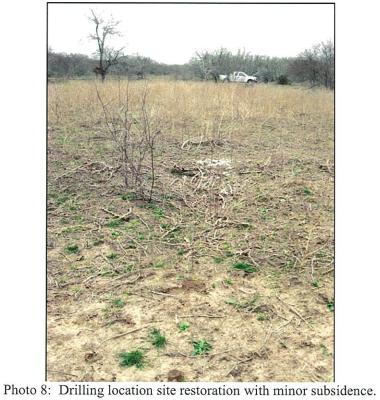
Weesatche

123C

January 27, 2010



Photo 7: Subsidence at drilling location mud pit.



Project Name: Permit Number: Weesatche

123C

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Photo 10: Jacobs drilling location.

Project Name: Permit Number: Inspection Date: Weesatche

123C

January 27, 2010



Photo 11: Exploration borehole site restoration.



Photo 12: Drilling location on UEC Permit No. 123C.